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Released: September 30, 2010

DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL OF CAVALIER TELEPHONE CORP. TO PAETEC HOLDING CORP.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 10-192

Comments Due: October 14, 2010

Reply Comments Due: October 21, 2010

On September 20, 2010, PAETEC Holding Corp., Cavalier Telephone Corp. (Cavalier), Cavalier Telephone, LLC (CavTel), Cavalier Telephone Mid-Atlantic, LLC (CavTel-MA), Talk America, Inc. (TA), Talk America of Virginia, Inc. (TA-VA), LDMI Telecommunications, Inc. (LDMI), Network Telephone Corp. (NTC), The Other Phone Company, Inc. (TOPC), and Intellifiber Networks, Inc. (Intellifiber) (CavTel, CavTel-MA, TA, TA-VA, LDMI, NTC, TOPC and Intellifiber collectively, the Cavalier Licensees)¹ (Cavalier and Cavalier Licensees collectively, the Cavalier Entities) (PAETEC and the Cavalier Entities collectively, the Applicants), filed an application pursuant to section 63.03 of the Commission's rules to transfer indirect control of Cavalier Licensees to PAETEC.²

The Cavalier Licensees are wholly owned indirect subsidiaries of Cavalier, a Delaware corporation. Through its various operating subsidiaries, including the Cavalier Entities, Cavalier owns and manages a high capacity of fiber network spanning 20 Midwest, Southeast, Northeast, and Rocky Mountain states. This fiber networks contains approximately 13,000 intercity route miles and approximately 4,000 metro route miles. CavTel provides local and long distance telecommunications services in Virginia. CavTel-MA provides local and long distance telecommunications services in Delaware, the District of Columbia, Maryland, New Jersey, and Pennsylvania. TA provides local and long distance telecommunications' services in Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New York, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Washington and Wisconsin. TA-VA provides local and long distance telecommunications services in

¹ CavTel is a Virginia limited liability company; CavTel-MA is a Delaware limited liability company; TA is a Pennsylvania corporation; TA-VA is a Virginia corporation; LDMI is a Michigan corporation; NTC is a Florida corporation; TOPC is a Florida corporation; and Intellifiber is a Virginia corporation.

² 47 C.F.R. § 63.03; see 47 U.S.C. § 214. Applicants also filed an application for transfer of control associated with authorizations for international services. Any action on this domestic 214 application is without prejudice to Commission action on other, pending applications. Applicants filed a supplement to their application on September 30, 2010.

Virginia. LDMI provides local and long distance telecommunications services in California, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Michigan, New Jersey, New York, New Mexico, North Carolina, Ohio, Pennsylvania, Texas, and Wisconsin. NTC provides local and long distance telecommunications services in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. TOPC provides local and long distance telecommunications services in Alabama, Florida, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. Intellifiber provides local and long distance telecommunications services in Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Virginia, and West Virginia.

PAETEC, a publicly traded Delaware corporation, is authorized, through its operating subsidiaries, to provide local exchange and interexchange services in the District of Columbia and all states except Alaska and Hawaii.³ Columbia Wanger Asset Management, LLC (CWAM) is an investment management company for its clients, pensions and funds that directly their own stock in PAETEC. CWAM assigns a portfolio manager to each client and the portfolio manager makes the investment decisions on behalf of their clients. Applicants state that Robert Mohn, a U.S. Citizen, is the portfolio manager or co-manager for every CWAM client that holds PAETEC stock and may be considered to control 10.77 percent of the stock of PAETEC.⁴ No individual client holds a ten percent or greater interest in PAETEC.

Pursuant to the Agreement and Plan of Merger, dated September 12, 2010, by and among PAETEC, Cairo Acquisition Corp. (MergerCo),⁵ Cavalier, and the Stockholder Representative, MergerCo will merge with and into Cavalier, with Cavalier continuing as the surviving entity. As a result of the proposed transaction, the Cavalier Entities will become wholly owned indirect subsidiaries of PAETEC. Thus, PAETEC will become the new ultimate parent company of Cavalier and the Cavalier Licensees. Applicants assert that the proposed transaction is entitled to presumptive streamlined treatment under section 63.03(b)(2)(i) of the Commission's rules and that a grant of the application will serve the public interest, convenience, and necessity.⁶

³ PAETEC's regulated operating subsidiaries include PaeTec Communications, Inc. (PCI), PaeTec Communications of Virginia, Inc. (PCI-VA), McLeod USA Telecommunications Services L.L.C. d/b/a PAETEC Business (PAETEC Business), US LEC Communications, LLC d/b/a PAETEC Business (PAETEC-Comm), US LEC of Alabama, LLC d/b/a PAETEC Business (PAETEC-AL), US LEC of Florida, LLC d/b/a PAETEC Business (PAETEC-FL), US LEC of Georgia, LLC d/b/a PAETEC Business (PAETEC-GA), US LEC of Maryland, LLC d/b/a PAETEC Business (PAETEC-MD), US LEC of North Carolina, LLC d/b/a PAETEC Business (PAETEC-NC), US LEC of Pennsylvania, LLC d/b/a PAETEC Business (PAETEC-PA), US LEC of South Carolina, LLC d/b/a PAETEC Business (PAETEC-SC), US LEC of Tennessee, LLC d/b/a PAETEC Business (PAETEC-TN) and US LEC of Virginia, LLC d/b/a PAETEC Business (PAETEC-VA) (collectively, the PAETEC Licensees). The PAETEC Licensees each hold blanket domestic Section 214 authorizations. US LEC LLC is a Delaware limited liability and wholly owned subsidiary of PCI. PAETEC-Comm, PAETEC-AL, PATEC-FL, PAETEC-GA, PAETEC-MD, PAETEC-NC, PAETEC-PA, PAETEC-SC, PAETEC-SC, PAETEC-TN and PAETEC-VA and are each a direct subsidiary of US LEC LLC.

⁴ Applicants state that Columbia Management Investment Advisor, LLC (CMIA) is the sole member of CWAM and Ameriprise Financial, Inc. (Ameriprise) is the sole member of CMIA. Applicants submit that CWAM, CMIA and Ameriprise do not hold a ten percent or greater interest in PAETEC, nor do they control PAETEC.

⁵ MergerCo is a direct wholly owned subsidiary of PAETEC Corp., a Delaware corporation and direct wholly-owned subsidiary of PAETEC.

⁶ 47 C.F.R. § 63.03(b)(2)(i).

GENERAL INFORMATION

The Wireline Competition Bureau finds, upon initial review, that the transfer of assets identified herein is acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Pursuant to section 63.03(a) of the Commission's rules, 47 C.F.R. § 63.03(a), interested parties may file comments **on or before October 14, 2010**, and reply comments **on or before October 21, 2010**. Unless otherwise notified by the Commission, the Applicants may transfer control on the 31st day after the date of this notice.⁷ Comments must be filed electronically using (1) the Commission's Electronic Comment Filing System (ECFS) or (2) the Federal Government's e-Rulemaking Portal. See 47 C.F.R. § 63.03(a) ("All comments on streamlined applications shall be filed electronically . . ."); *Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).

- Comments may be filed electronically using the Internet by accessing the ECFS, <http://www.fcc.gov/cgb/ecfs/>, or the Federal e-Rulemaking Portal, <http://www.regulations.gov>. Filers should follow the instructions provided on the website for submitting comments.
- For ECFS filers, if multiple docket or rulemaking numbers appear in the caption of this proceeding, filers must transmit one electronic copy of the comments for each docket or rulemaking number referenced in the caption. In completing the transmittal screen, filers should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions, filers should send an e-mail to ecfs@fcc.gov and include the following words in the body of the message, "get form." A sample form and directions will be sent in response.

In addition, e-mail one copy of each pleading to each of the following:

- 1) The Commission's duplicating contractor, Best Copy and Printing, Inc., fcc@bcpiweb.com; phone: (202) 488-5300; fax: (202) 488-5563;
- 2) Tracey Wilson-Parker, Competition Policy Division, Wireline Competition Bureau, tracey.wilson-parker@fcc.gov;
- 3) Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, dennis.johnson@fcc.gov;
- 4) David Krech, Policy Division, International Bureau, david.krech@fcc.gov; and
- 5) Jim Bird, Office of General Counsel, jim.bird@fcc.gov.

⁷ Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction. A grant of the application will be without prejudice to any enforcement action by the Commission for non-compliance with the Communications Act of 1934, as amended, or Commission rules.

Filings and comments are available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; telephone: (202) 488-5300; fax: (202) 488-5563; e-mail: fcc@bcpiweb.com; url: www.bcpiweb.com.

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For further information, please contact Tracey Wilson-Parker at (202) 418-1394 or Dennis Johnson at (202) 418-0809.

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